

Rico Site Summary

The Rico-Argentine Site (Site) is located in Southwest Colorado, 23 miles southwest of the town of Telluride and just north of the town of Rico, within the northeastern corner of Dolores County. The Site is located in the San Juan Mountains, and is within the Upper Dolores River Watershed. The Site consists of the St. Louis Tunnel, its associated underground workings, the adit, or mouth of the tunnel, and a series of settling ponds, some of which are back-filled, some of which contain sludge material. The Site is not listed on the National Priorities List (NPL).

The Rico area has an extensive mining history. Early mining activities in Rico began in the 1860's and extensive mining for silver, lead, zinc, gold and copper took place in the 1870's. In the early 1900's, the Rico-Argentine Mining Company, a Utah corporation (RAMCO), was formed to produce base metal ores. Base metal ore production peaked in 1927, but, by 1932, most mining activities had ceased.

In October 1930, the St. Louis Smelting and Refining Company, a Missouri corporation (SLSRC), drove a development and haulage tunnel (the St. Louis Tunnel) into CHC Hill in Telescope Mountain. RAMCO acquired the Site, including the St. Louis Tunnel, in 1944. Between 1955 and 1964, RAMCO built and operated a sulfuric acid plant north of the settling ponds. There were two discharges associated with RAMCO's operations. The first was the discharge from the Blaine Tunnel into Silver Creek (a tributary to the Dolores River). That discharge was later redirected underground to the St. Louis Tunnel. The discharge now drains into the settling ponds. The second outfall is that from Settling Pond Number 5 (Pond 5) into the Dolores River.

All mining operations ceased in 1971, and the mine workings were allowed to flood and drain through the St. Louis Tunnel. The waste materials from the acid plant and drainage from St. Louis Tunnel were flumed to what are now the settling ponds.

In 1973, RAMCO built a leach pad next to the old acid plant and used cyanide solution to leach silver and gold from raw ore. Anaconda entered into exploration agreements with RAMCO in 1978 and purchased RAMCO's assets and property in 1980. The purchase agreement stated in part, "Anaconda shall be solely and fully responsible for any and all compliance requirements imposed, in response to permit violations which occur either before or after August 27, 1980, by either the CDPHE or EPA, including without limitation, clean-up orders or the installation of pollution control facilities, devices, plans or programs." RAMCO's transfer of the Site included transferring a CDPS permit (the Colorado equivalent of a NPDES permit) to Anaconda. Anaconda conducted limited mining activities in Rico, and sold the property (and transferred the associated discharge permit) to the Rico Development Company (RDC) in 1988. Before selling the property, Anaconda carried out several environmental remediation projects, including building a water treatment plant at the St. Louis Tunnel, capping wells, plugging adits, and stabilizing tailings and treatment ponds. RDC conducted limited activities at the Site and eventually abandoned water treatment responsibilities. In 1995, RDC sold the parcels to Rico Properties LLC. In 1999, the CDPS permit expired and was not renewed.

EPA's Activities in Rico

On August 11, 1974, a blowout occurred at the sulfuric acid plant. Buildup of cyanide liquor occurred in one area of the pile, and approximately 3,000 to 5,000 gallons of cyanide solution discharged into the Dolores River. The estimated number of fish killed was over 30,000; the extent of mortality in the first four miles of the river downstream of the discharge was 100%. In May of 1976, EPA and RAMCO entered a consent decree with respect to the cyanide discharge. Pursuant to the consent decree, RAMCO was fined \$1,500 and was required to make certain improvements to prevent a future spill.

In April of 2000, EPA Region 8's Emergency Response Program responded to a request from the Town of Rico to address a breach, due to a lack of maintenance on the berm of Settling Pond Number 18 (Pond 18). The pond containment failed, and sediments laden with hazardous substances discharged directly into the Dolores River. EPA's response consisted of raising and reinforcing the riverside embankment of the pond, adding an additional culvert between the pond and downgradient ponds, and installing overflow riprap as a backup drain path.

On June 2, 2003, EPA and the State of Colorado lodged consent decrees resolving litigation against the estates of two former shareholders of RDC. The litigation resolved CERCLA and Clean Water Act claims against RDC for the discharge from the St. Louis Tunnel and settling ponds. The estates of RDC shareholders paid \$290,000 to the Rico Special Account. Those funds, plus interest, are still available in the Rico Special Account.

On March 17, 2011, EPA issued a Unilateral Administrative Order to AR (successor to Anaconda). The Order requires AR to perform a time-critical removal action to remove sludge from settling ponds and institute water treatment technology to address the discharge from the St. Louis Tunnel. The Action Memo for the Removal is attached as Exhibit 4. The removal is expected to provide a long term solution to the contaminated water discharging from the St. Louis Tunnel. EPA will provide oversight as AR removes pond solids and designs and constructs a water treatment plant that will operate in perpetuity. The State of Colorado will oversee operation and maintenance pursuant to a CDPS permit.